



City of Santa Barbara
Airport Department

Memorandum

DATE: February 18, 2009
TO: Airport Commission
FROM: Karen Ramsdell, Airport Director
SUBJECT: Lease Agreement with MAG Aviation Fuel

RECOMMENDATION: That Airport Commission approve and authorize, contingent on approval of a zoning change, the Airport Director to execute a five-year Lease Agreement, with one five-year option, with MAG Aviation Fuel (MAG), a partnership, for construction and operation of a self-service fueling operation at 1600 Cook Place, at the Santa Barbara Airport, for a monthly base rental of \$675 or \$0.05 per gallon fuel flowage fees, whichever is greater.

DISCUSSION:

Background

At the regularly scheduled Airport Commission meeting of October 15, 2008, a detailed report was provided (Item: 9) on the solicitation for an operator to construct and manage a self-service fueling facility on the Airport.

In response to requests from the general aviation community, Airport staff contacted the two FBOs to determine their interest; and both corporations declined the opportunity based on their business model.

A Request for Proposal (RFP) for a self-service fueling operator was developed; input was obtained from the general aviation community and Airport Commission General Aviation Sub-committee. The RFP was circulated to known operators; advertisements were placed in local and national media as well as the Airport's website, www.flysba.com.

A mandatory pre-proposal meeting was held with six companies attending, potential Airport sites were toured, construction/project development and the permitting process was explained.

MAG Aviation was the only company to submit a proposal, and after requests for additional information and meetings, the Selection Committee recommended that MAG Aviation be selected and that staff complete lease negotiations.

Terms of the Agreement

The lease with MAG Aviation Fuel to construct and install one 12,000 gallon AVGas fuel tank with appropriate containment at 1600 Cecil Cook Place (the former Forest Service Ramp) is contingent upon final approval of the zoning change. The premises will consist of 11,250 square feet of ramp.

MAG will pay a base monthly rental of \$675 (\$0.06 per square foot) or \$0.05 per gallon in Fuel Flowage Fees, whichever is greater.

A \$35,000 Performance Bond, representing the estimated cost of construction of the facility, will be provided by MAG. A License for Access to the Premises will be granted during construction. The Lease will commence upon successful completion of a final inspection of the facility by the Building Department of the City of Santa Barbara.

MAG will partner with an on-airport business to provide the necessary daily fuel testing and troubleshooting of the facility.

The initial term of the Lease will be five years. MAG's performance will be evaluated annually. If at the end of the initial term, MAG has met all lease terms, then the City shall have the sole option to extend the term of the lease for another five years.

Due to an inadvertent zoning map error, the area that includes the proposed MAG leased premises, is in the process of being rezoned to allow aviation facility uses.

Zoning Change

In 2001 the City Council adopted a new Airport Zoning Map to implement changes necessary for the implementation of the Airfield Safety Projects pursuant to the Aviation Facilities Plan. The adopted map contained an inadvertent rezone of approximately 9 acres of Aviation Facilities Zone to Airport Approach and Operations. This area included a hangar and portions of 4 other buildings that are currently non-conforming to their land use zone.

On January 8, 2009, Planning Commission initiated proceedings and made a recommendation to City Council, and on February 10, 2009, Council approved, a Zoning Ordinance Amendment to change the zoning to reinstate the Aviation Facilities Zone to the area affected by the mapping error.

The proposed amendment would rezone 9.04 acres of land at the Airport from Airport Approach and Operations Zone (A-A-O), Airport Industrial Area Specific Plan Zone (SP-

6), Coastal Zone Overlay (S-D-3) to Aviation Facilities Zone (A-F), Airport Industrial Area Specific Plan Zone (SP-6), Coastal Zone Overlay (S-D-3). The boundary of the proposed rezone area follows the hold-short line for Taxiway C from the current A-A-O boundary to the Object Free Area (OFA) boundary parallel to Taxiway H. The boundary would follow the OFA to the current western A-A-O boundary. Currently a hangar, cargo terminal, an electrical vault, and portions of two light industrial tenant buildings are in the proposed rezone area.

Next Steps

The zoning amendment requires approval by the Coastal Commission, and it is anticipated that this request will be placed on the April agenda as a consent item.

At the request of MAG Aviation, the lease agreement will be placed on City Council agenda on March 17, 2009 for introduction of the ordinance, approval of the ordinance will be on March 24, 2009 and the lease effective 30 days thereafter. The lease will be approved subject to the Coastal Commission approving the zoning change.